

# Senate File 240 - Introduced

SENATE FILE 240  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1086)

## A BILL FOR

1 An Act relating to matters under the purview of the alcoholic  
2 beverages division of the department of commerce, and making  
3 penalties applicable.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 22.7, subsection 24, Code 2011, is  
2 amended by striking the subsection.

3 Sec. 2. Section 123.3, Code 2011, is amended by adding the  
4 following new subsection:

5 NEW SUBSECTION. 014A. "*Grape brandy*" means brandy produced  
6 by the distillation of fermented grapes or grape juice.

7 Sec. 3. Section 123.41, Code 2011, is amended to read as  
8 follows:

9 **123.41 Manufacturer's license.**

10 1. Upon application in the prescribed form and accompanied  
11 by a fee of three hundred fifty dollars, the administrator may  
12 in accordance with this chapter grant and issue a license,  
13 valid for a one-year period after date of issuance, to a  
14 manufacturer which shall allow the manufacture, storage, and  
15 wholesale disposition and sale of alcoholic liquors to the  
16 division and to customers outside of the state.

17 2. As a condition precedent to the approval and granting of  
18 a manufacturer's license, an applicant shall file a statement  
19 under oath with the division that the applicant is a bona fide  
20 manufacturer of alcoholic liquors, and that the applicant  
21 will faithfully observe and comply with all laws, rules, and  
22 regulations governing the manufacture and sale of alcoholic  
23 liquor.

24 ~~2.~~ 3. A person who holds an experimental distilled spirits  
25 plant permit or its equivalent issued by the federal bureau  
26 of alcohol, tobacco and firearms alcohol and tobacco tax and  
27 trade bureau of the United States department of the treasury  
28 may produce alcohol for use as fuel without obtaining a  
29 manufacturer's license from the division.

30 4. A violation of the requirements of this section shall  
31 subject the licensee to the general penalties provided in this  
32 chapter and shall constitute grounds for imposition of a civil  
33 penalty or suspension or revocation of the license after notice  
34 and opportunity for a hearing pursuant to section 123.39 and  
35 chapter 17A.

1     Sec. 4. Section 123.43A, subsection 8, Code 2011, is amended  
2 to read as follows:

3     8. Micro-distilled spirits purchased at a micro-distillery  
4 shall not be consumed ~~within three hundred feet of a~~  
5 ~~micro-distillery~~ or on any property owned, operated, or  
6 controlled by a micro-distillery.

7     Sec. 5. NEW SECTION. **123.46A Delivery of alcoholic**  
8 **beverages by retailers.**

9     1. Licensees and permittees authorized to sell alcoholic  
10 liquor, wine, or beer in original unopened containers for  
11 consumption off the licensed premises may deliver alcoholic  
12 liquor, wine, or beer to a home or other designated location in  
13 this state. Deliveries shall be limited to alcoholic beverages  
14 authorized by the licensee's or permittee's license or permit.

15     2. All deliveries of alcoholic liquor, wine, or beer shall  
16 be subject to the following requirements and restrictions:

17     a. Payment for the alcoholic liquor, wine, or beer shall be  
18 received on the licensed premises at the time of order.

19     b. Alcoholic liquor, wine, or beer delivered to a person  
20 shall be for personal use and not for resale.

21     c. Deliveries shall only be made to persons in this state  
22 who are twenty-one years of age or older.

23     d. Deliveries shall not be made to a person who is  
24 intoxicated or is simulating intoxication.

25     e. Deliveries shall occur during the hours in which  
26 alcoholic liquor, wine, or beer may be lawfully sold.

27     f. Delivery of alcoholic liquor, wine, or beer shall be made  
28 by the licensee or permittee, or the licensee's or permittee's  
29 employee, and not by a third party.

30     g. Delivery personnel shall be eighteen years of age or  
31 older.

32     h. Deliveries shall be made in a vehicle owned, leased, or  
33 under the control of the licensee or permittee.

34     i. Valid proof of the recipient's identity and age shall  
35 be obtained at the time of delivery, and the signature of a

1 person twenty-one years of age or older shall be obtained as a  
2 condition of delivery.

3 *j.* Licensees and permittees shall maintain records  
4 of deliveries which include the quantity delivered, the  
5 recipient's name and address, and the signature of the  
6 recipient of the alcoholic liquor, wine, or beer. The records  
7 shall be maintained on the licensed premises for a period of  
8 three years.

9 3. A violation of this section or any other provision of  
10 this chapter shall subject the licensee or permittee to the  
11 penalty provisions of section 123.39.

12 4. Nothing in this section shall impact the direct shipment  
13 of wine as regulated by section 123.187.

14 Sec. 6. Section 123.56, subsections 1, 2, and 3, Code 2011,  
15 are amended to read as follows:

16 1. Subject to rules of the division, manufacturers of  
17 native wines from grapes, cherries, other fruits or other fruit  
18 juices, vegetables, vegetable juices, dandelions, clover,  
19 honey, or any combination of these ingredients, holding a  
20 class "A" wine permit as required by this chapter, may sell,  
21 keep, or offer for sale and deliver the wine. ~~Sales may be~~  
22 ~~made at retail for off-premises consumption when sold on the~~  
23 ~~premises of the manufacturer, or in a retail establishment~~  
24 ~~operated by the manufacturer. Sales may also be made to class~~  
25 ~~"A" or retail wine permittees or liquor control licensees as~~  
26 ~~authorized by the class "A" wine permit.~~ Notwithstanding any  
27 other provision of this chapter, manufacturers of native wine  
28 may purchase and possess grape brandy from the division for the  
29 sole purpose of manufacturing wine.

30 2. Native wine may be sold at retail for off-premises  
31 consumption when sold on the premises of the manufacturer,  
32 or in a retail establishment operated by the manufacturer.  
33 Sales may also be made to class "A" or retail wine permittees  
34 or liquor control licensees as authorized by the class "A"  
35 wine permit. A manufacturer of native wines shall not sell

1 the wines other than as permitted in this chapter and shall  
 2 not allow wine sold to be consumed upon the premises of the  
 3 manufacturer. However, prior to sale native wines may be  
 4 sampled on the premises where made, when no charge is made  
 5 for the sampling. A person may manufacture native wine for  
 6 consumption on the manufacturer's premises, when the wine or  
 7 any part of it is not manufactured for sale.

8 3. A manufacturer of native wines may ship wine in closed  
 9 containers to individual purchasers inside and outside this  
 10 state by obtaining a wine direct shipper license pursuant to  
 11 section 123.187. ~~The manufacturer shall label the package~~  
 12 ~~containing the wine with the words "deliver to adults only".~~

13 Sec. 7. Section 123.57, Code 2011, is amended to read as  
 14 follows:

15 **123.57 Examination of accounts.**

16 The financial condition and transactions of all offices,  
 17 departments, warehouses, and depots of the division shall be  
 18 examined at least once each year by the state auditor and at  
 19 shorter periods if requested by the administrator, governor,  
 20 commission, or executive council the general assembly's  
 21 standing committees on government oversight.

22 Sec. 8. REPEAL. Section 123.43, Code 2011, is repealed.

23 **EXPLANATION**

24 This bill makes changes regarding matters under the purview  
 25 of the alcoholic beverages division of the department of  
 26 commerce.

27 The bill deletes an exception to the open records law in  
 28 Code chapter 22 which currently provides that records of  
 29 purchases of alcoholic liquor from the division which would  
 30 reveal purchases made by an individual class "E" liquor control  
 31 licensee shall be kept confidential, unless required to be  
 32 revealed for law enforcement purposes or for the collection of  
 33 payments due the division pursuant to Code section 123.24.

34 The bill provides that prior to the approval and granting  
 35 of a manufacturer's license, which allows the manufacture,

1 storage, and wholesale disposition and sale of alcoholic  
2 liquors to the division and to customers outside of the state,  
3 an applicant must file a statement under oath with the division  
4 that the applicant is a bona fide manufacturer of alcoholic  
5 liquors, and that the applicant will faithfully observe and  
6 comply with all laws, rules, and regulations governing the  
7 manufacture and sale of alcoholic liquor. The bill subjects  
8 a licensee violating the requirements for issuance of a  
9 manufacturer's license, in addition to any other applicable  
10 penalty contained in Code chapter 123, to the civil penalty and  
11 suspension or revocation provisions contained in Code section  
12 123.39. The civil penalty is in an amount not to exceed \$1,000  
13 per violation. The bill repeals Code section 123.43, which  
14 requires the posting of a \$5,000 bond by applicants for a  
15 manufacturer's license.

16 The bill deletes a current provision prohibiting  
17 micro-distilled spirits purchased at a micro-distillery from  
18 being consumed within 300 feet of a micro-distillery.

19 The bill authorizes the home delivery of alcoholic beverages  
20 by retailers. The bill provides that a licensee or permittee  
21 authorized to sell liquor, wine, or beer in original unopened  
22 containers for consumption off the licensed premises may  
23 deliver it to a home or other designated location in Iowa.  
24 Deliveries shall be limited to alcoholic beverages authorized  
25 by the licensee's or permittee's license or permit.

26 The bill states that deliveries shall be subject to several  
27 requirements and restrictions. Specifically, payment for  
28 the liquor, wine, or beer shall be received on the licensed  
29 premises at the time of order; liquor, wine, or beer shall be  
30 for personal use and not for resale; deliveries shall only  
31 be made to persons in this state who are 21 or older; and  
32 deliveries shall not be made to a person who is intoxicated or  
33 is simulating intoxication. Additionally, deliveries shall  
34 occur during the hours in which liquor, wine, or beer may be  
35 lawfully sold and shall be made by the licensee or permittee,

1 or the licensee's or permittee's employee. Delivery personnel  
2 are required to be 18 or older. Further, deliveries shall  
3 be made in a vehicle owned, leased, or under the control of  
4 the licensee or permittee, valid proof of the recipient's  
5 identity and age shall be obtained at the time of delivery and  
6 the signature of an adult shall be obtained as a condition  
7 of delivery, and licensees and permittees are required to  
8 maintain records of deliveries which include the quantity  
9 delivered, recipient's name and address, and the signature of  
10 the recipient of the liquor, wine, or beer.

11 Additionally, the bill makes specified changes relating  
12 to the manufacture of native wine. The bill states that  
13 manufacturers of native wine may purchase and possess grape  
14 brandy, as defined in the bill, for the sole purpose of  
15 manufacturing wine, provided that the grape brandy is purchased  
16 from the division. The bill clarifies that a manufacturer of  
17 native wine shall obtain a wine shipper's license pursuant to  
18 Code section 123.187 and makes the manufacturer subject to the  
19 provisions of the Code section.